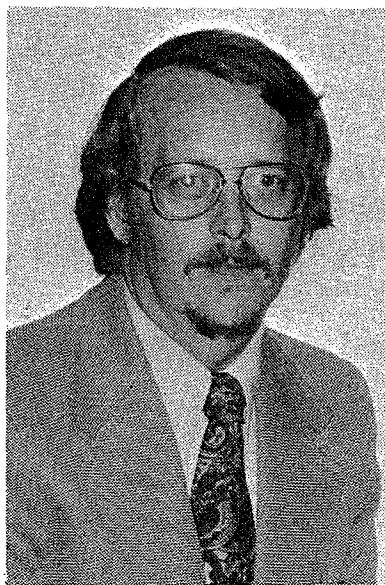


DISBURSEMENT OF FINANCIAL AID FUNDS: AN ALTERNATE APPROACH

by *Charles T. Edwards*

There is a mounting concern among financial aid officers and others in the financial aid community about student abuse of aid programs, particularly the Basic Educational Opportunity Grant (BEOG) Program. One of the most common complaints has been that there is no way to insure that students, once they have received a financial aid award for the quarter or semester, will attend classes. Every campus has experienced this behavior by students to some degree.

While there are a variety of ways to combat this behavior no one approach should be expected to be 100 percent effective. Albany Junior College, a two year public institution enrolling approximately two thousand students of which twenty-five percent are aid recipients, examined ways to deal with this problem. After much thought and investigation it was decided that the most effective means for this institution to deal with this issue was to use a different means of disbursing funds to students. In the past the traditional approach of preparing checks in advance for disbursement at registration had been used. In place of this system a new financial aid voucher system has been put into effect. Under this approach no funds are released to the student until at least three weeks after registration; this delay provides the time needed to verify student attendance and seriousness of intent.



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THE SYSTEM

The financial aid voucher used at Albany Junior College is a five-part document (See Figure 1) which contains space for identification of types of aid awarded, a promissory note, a section for charges against the voucher, and a section for the student to sign verifying receipt of remaining funds. The voucher is normally prepared by personnel in the financial aid office prior to the day of registration; the following key information is entered at the time of preparation:

Student ID Number
Student Name
Social Security Number
Quarter and Year
Amount of aid by program

These vouchers are filled alphabetically in posting tubs for use at registration. In the registration process students see their academic advisors to select classes for the quarter, have class cards pulled, have fees assessed, and, as one of the last steps, pay fees. Financial aid clerks are positioned at the fee collection station and each is teamed with a specific cashier. The aid recipient presents the enrollment packet to a financial aid clerk who, upon verifying that course load and award amounts are in agreement, enters the total award amount on the voucher, signs for the financial aid officer, and has the student sign the voucher. As previously mentioned, the vouchers are normally prepared in advance but adequate supplies are taken to the registration area to prepare vouchers for students who may present Student Eligibility Reports (SER) at the time of registration.

The signed voucher, along with the enrollment packet, is then handed to the cashier who enters the amount of tuition and fees on the voucher. If there are other charges such as meal tickets, liability insurance for nursing students, National League of Nursing dues, etc., these are also entered in the appropriate space. If the award amount is insufficient to cover all costs the cashier collects the balance due from the student. The top copy of the voucher is retained by the cashier as authorization for fee payment, the second copy is returned to the financial aid clerk, the third copy is forwarded to the computer center, and the two remaining copies are returned to the student for use in purchasing books and supplies. At this point the student is officially registered for the quarter.

Instructions are provided to the student explaining that the voucher may be presented in the college bookstore any time during the first week of the quarter to purchase books and supplies. Experience has shown that most students purchase books on the day of registration but since only one transaction is allowed on the voucher, students are encouraged to attend class before purchasing books. At the time of purchase, personnel in the bookstore will accept the two copies of the voucher, determine the amount remaining on the student's award, enter the amount charged for books and supplies (up to the balance remaining) and retain the fourth copy of the voucher in lieu of cash for the purchases. The remaining copy of the voucher is returned to the student to be used as his/her record of all transactions.

FIGURE 1. The Financial Aid Voucher

AJC FORM S-27
REV. 10/12/76

SERIAL NUMBER **2059**

ALBANY JUNIOR COLLEGE
FINANCIAL AID VOUCHER



STUDENT NO.	LAST NAME	FIRST NAME	MIDDLE INT.
1	5	6	25
SOCIAL SECURITY NO.		OTR. YR.	BEOG AMOUNT
26	34	35	37
SEOG(C) AMOUNT		NDSL AMOUNT	NSLP AMOUNT
48	52	53	57
LEEP AMOUNT		OTHER	OTHER AMOUNT
68	72	73	74
75	79	58	62
NSP AMOUNT		CARD	80
63	67	43	47

When signed by you at registration, the cashier will accept this note in lieu of cash not to exceed the award amount. When the College writes your financial aid check it will be for the award amount less the amount charged for tuition, fees, books, supplies, and other charges (FINANCIAL AID NOTE).

Financial Aid Officer

Date

PROMISSORY NOTE: On receipt of financial aid funds I understand that the amount received by me will be equal to the difference of the AWARD AMOUNT and the FINANCIAL AID NOTE and that the remainder will have been used to cover the costs of tuition, fees, books, and supplies that I was charged at the time of registration. In the event that I do not meet the requirements for the aid shown above, I promise to pay in cash the amount shown as FINANCIAL AID NOTE. I further understand that the award amount may be amended or cancelled if I withdraw or reduce my course load.

Student's Signature

Date

-
1. Award Amount _____
 2. Tuition & Fees _____
 - a) Per Voucher _____
 - b) Per Student _____
 3. Books & Supplies _____
 4. Other Charges _____
 5. FINANCIAL AID NOTE _____

$5 = 2a + 3 + 4; 5 \text{ CANNOT EXCEED } 1$

ACKNOWLEDGEMENT: I hereby acknowledge that on _____ I have received a check numbered _____ in the amount of _____ and that this represents the amount due me from my financial aid award after my costs for tuition, fees, books, supplies, and other charges were deducted.

Student's Signature

Date

Copy 1 — Cashier; Copy 2 — FAO; Copy 3 — DP; Copy 4 — Bookstore; Copy 5 — Student

During this same period personnel in the Business Office are busy balancing a computer printout showing award amounts, charges for tuition and fees, and other charges, if applicable; this printout is checked against actual fees collected and serves also to verify the actual enrollment of students. Once balanced, the corrected printout serves as authorization for the computer center to generate award cards for all aid recipients. Upon receipt of these cards from the computer center, and after pairing the bookstore and cashier copies of the voucher, business office personnel enter bookstore charges on the cards and return them to the computer center.

The completed copies of the cards are used to prepare a second printout (See Figure 2) showing the following:

- Total award
- Charges for tuition and fees
- Other charges (meal ticket, NLN dues, etc.)
- Charges for books and supplies
- The amount due the student

If the amount due the student exceeds fifty dollars it is divided into two equal parts, PAYONE and PAYTWO. This printout is again balanced and the data are used to prepare computer-generated checks to students.

Any funds due to students are disbursed in either one or two payments depending on the amount due (fifty dollars or more). The first check, PAYONE, is normally disbursed approximately three weeks after registration and the second, PAYTWO, two weeks later but always after the last day to drop a course without penalty. The time between registration and PAYONE is used to verify eligibility, class attendance, and to make adjustments to awards for students as needed. The time between PAYONE and PAYTWO is used in a similar manner.

Another product of the system is that it provides the information necessary for a printout, by student, of the types of aid awarded (See Figure 3). This document provides the information required by the Business Office to determine the amount to be charged against each fund and serves as an excellent record in the Financial Aid Office of awards to students. At the end of the program year a cumulative summary is obtained which has been found to be invaluable.

Once the quarter has begun the voucher serves as the authorization to prepare checks for recipients who submit delayed SER's or who are awarded aid through the campus-based programs. Checks prepared in this manner are manually written in the Business Office. The computer center copy of the voucher is processed in the usual manner so that a final complete summary is obtained at the end of each quarter.

ADVANTAGES AND DISADVANTAGES OF THE SYSTEM

While there are both advantages and disadvantages to this system it is believed that the advantages far outweigh the disadvantages. The major and only disadvantage, as viewed by this writer, is that students have to wait three weeks before receiving funds to meet other costs such as transportation, personal, etc. The advantages of the system include:

- 1) No checks are prepared in advance and, therefore, there are none to be cancelled.
- 2) No actual funds are received by the student at registration so changes in course load on drop/add day are easily accounted for in adjusting awards.
- 3) The delay in release of funds provides adequate time to identify those students not attending class; a hold is placed on awards to such students and counseling with the Financial Aid Officer to correct the situation is required before funds are released.
- 4) The fact that the second payment occurs after the midpoint of the quarter insures recovery of funds released to the student as required in the current federal regulations.
- 5) It is possible to make BEOG awards on the day of registration for students submitting SER's at that time.
- 6) By releasing funds in two payments the student is, in effect, required to budget more wisely.
- 7) The amount of cash required by the Business Office at registration is significantly reduced.
- 8) Accurate records of awards to students are provided in easily readable and recordable form.
- 9) Actual records of the amounts spent by students for books and supplies prove invaluable in developing student costs and budgets.
- 10) Data are readily available to document the impact that the financial aid programs have on the institution.

CONCLUSIONS

The financial aid voucher system as described above has proven to be an effective means of disbursing financial aid funds to students while, at the same time, maintaining the integrity of the funds. While it has proven to be invaluable as a means of record-keeping, the system should be just as effective at an institution without computer capabilities. During the first spring quarter that the system was in place a total of \$5,559.98 was recovered in the Basic Grant program as compared to \$1,341.65 for the preceding fall quarter; such a difference would not have been possible using a more traditional method of funds disbursement.

FIGURE 2. Awards and charges against awards

St. No.	Award Amt.	Tuition	Books	Other	Per Student	Amt. Due	Bal. Due	Due Col.	Pay One	Pay Two
00000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
01022	50.00	110.00	0.00	0.00	60.00	0.00	60.00	0.00	0.00	0.00
03187	613.00	118.00	21.28	0.00	0.00	473.72	0.00	0.00	236.86	236.86
03286	275.00	119.00	0.00	0.00	0.00	156.00	0.00	0.00	78.00	78.00
03290	317.00	110.00	32.99	0.00	0.00	162.01	0.00	0.00	81.01	81.00
03296	313.00	119.00	32.29	0.00	0.00	161.71	0.00	0.00	80.86	80.85
03339	313.00	119.00	12.88	0.00	0.00	181.12	0.00	0.00	90.56	90.56
03464	67.00	119.50	0.00	0.00	52.50	0.00	52.50	0.00	0.00	0.00
04051	313.00	119.00	29.46	0.00	0.00	164.54	0.00	0.00	82.27	82.27
04053	313.00	119.00	146.62	0.00	0.00	47.38	0.00	0.00	47.38	0.00
04854	50.00	0.00	0.00	0.00	0.00	50.00	0.00	0.00	50.00	0.00
05141	313.00	118.00	22.13	0.00	0.00	172.87	0.00	0.00	86.44	86.43
05156	313.00	119.00	40.74	0.00	0.00	153.26	0.00	0.00	76.63	76.63
05158	108.00	79.00	29.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
05437	313.00	119.00	36.82	0.00	0.00	157.18	0.00	0.00	78.59	78.59
05696	313.00	118.00	31.98	0.00	0.00	163.02	0.00	0.00	81.51	81.51
07814	613.00	119.50	23.38	0.00	0.00	470.12	0.00	0.00	235.06	235.06
07989	50.00	119.00	0.00	0.00	69.00	0.00	69.00	0.00	0.00	0.00
08045	313.00	119.00	36.88	0.00	0.00	157.12	0.00	0.00	78.56	78.56
08128	613.00	118.00	44.38	0.00	0.00	450.62	0.00	0.00	225.31	225.31
08222	313.00	119.00	50.89	0.00	0.00	143.11	0.00	0.00	71.56	71.55
08810	613.00	119.00	64.61	0.00	0.00	429.39	0.00	0.00	214.70	214.69
08821	313.00	119.00	36.88	0.00	0.00	157.12	0.00	0.00	78.56	78.56
08853	313.00	119.00	123.00	35.00	0.00	36.00	0.00	0.00	36.00	0.00
08998	234.00	108.00	22.35	0.00	0.00	103.65	0.00	0.00	51.83	51.82
09210	513.00	119.00	58.76	0.00	0.00	335.24	0.00	0.00	167.62	167.62

FIGURE 3. Financial Aid Awards by Program

St. No.	BEOG	SEOG I	SEOG C	NDSL	NSLP	LEEP	Other Award	Total
30470	313						313	313
30765	313						313	313
30779	313						313	313
31112	313						313	313
31142	313						313	313
31312	313						313	313
32371	109						109	109
32397					167		167	167
32632	313						313	313
32684	313						313	313
32691	342						342	342
32697	313						313	313
32731	313						313	313
32733	313						313	313
32737	313						313	313
32820	313	250					563	563
32825	75						75	75
32827	313						313	313
32850	313						313	313
32893					131		131	131
33219	313						313	313
33944	313						313	313
33982	313	300					613	613
33996	313						313	313
34096					50		50	50
34125	313		300				613	613
34142	313		300				613	613
34311	313						313	313
34567			250				250	250
34586	313						313	313
34595	387			400			787	787
34692	313	300					613	613
34700					135		135	135
34737	313						313	313
34741	234						234	234
34751	313	300					613	613
34753	313						313	313
34807					128		128	128
34828	313						313	313
34830	313						313	313
34910					169		169	169
34966	313						313	313
35014	275						275	275
35026	313		300				613	613
35099						50	50	50
35105	313						313	313
35122	313						313	313
35182	313						313	313
35183	275						275	275
35221	313			200			513	513
35333	313	300					613	613